

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0059-04
Bill No.: Truly Agreed To and Finally Passed CCS for SCS for HB 101
Subject: Alcohol; Licenses - Liquor and Beer
Type: Original
Date: May 26, 2011

Bill Summary: This proposal modifies provisions relating to liquor control.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$18,125	\$21,750	\$21,750
Total Estimated Net Effect on General Revenue Fund	\$18,125	\$21,750	\$21,750

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$45,312	\$54,375	\$54,375

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **City of Kansas City** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control (ATC)** state this legislation creates two new license types. The wine shop license will allow Sunday sales for a small percentage of licensees, which will potentially increase their net sales. The second license authorizes a one-day retail liquor by drink extended hours license that can be obtained six times annually by each by drink licensee in Kansas City. It is believed that these licensees will be used on holidays and special occasions to allow a business to continue to be open and make more money during the extra hours. Also, the legislation allows for picnic and caterer licensees to sell intoxicating liquor in the original package to go. These sales will increase the income made during catering events.

ATC assumes state revenues will increase as a result of license fees from the two new license types, as follows:

Wine Shop License - This license creates a special permit for a wine shop to serve alcohol in the shop on Sundays from 10:00 a.m. to 10:00 p.m., if 50% of total sales at the wine shop are from package sales. We believe there will only be five of these licenses issued and will increase state revenue at most by \$1,000 annually (\$200 license fee x 5).

Extended Hours Daily Permits - This license creates a special permit for a licensed liquor establishment located in Kansas City to sell intoxicating liquor from 6 a.m. to 3 a.m. within one twenty-four hour period for six times a year. The fee for each permit is \$50. There are 830 by drink liquor establishments in Kansas City that would qualify for this special one day permit. It is believed that only 10% of licensees will take advantage of this license a total of five times each a year ($830 \times 10\% \times 5 \times \50), or \$20,750 additional revenue will be generated annually.

ATC assumes their agency would not incur additional expenses as a result of this bill.

ATC states cities may charge 150% of state liquor license fees (Section 311.220). Based on the numbers projected for state license fees annually (\$21,750), cities would collect an additional \$32,625 for these two license types.

Counties may charge a fee equal to state liquor license fees (Section 311.220). Based on the amount the state is projected to collect, counties would collect an additional \$21,750.

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the ATC assumed a cost to the General Revenue Fund of roughly \$75,000 for an additional Liquor Control Agent and related costs each year as a result of this proposal, which included a vehicle purchased in the first fiscal year.

The Oversight Subcommittee met on March 10, 2011, and voted to not reflect a potential cost to the Department of Public Safety - Division of Alcohol and Tobacco Control. The proposal is assumed to have no fiscal impact to the state.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Revenue - Alcohol and Tobacco Control</u> for additional wine shop licenses and extended hours daily permits	<u>\$18,125</u>	<u>\$21,750</u>	<u>\$21,750</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$18,125</u>	<u>\$21,750</u>	<u>\$21,750</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue - Cities</u>			
150% of state liquor license fee	\$27,187	\$32,625	\$32,625
anticipated collections from changes in the bill			
<u>Revenue - Counties</u>			
100% of state liquor license fee	<u>\$18,125</u>	<u>\$21,750</u>	<u>\$21,750</u>
anticipated collections			
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$45,312</u>	<u>\$54,375</u>	<u>\$54,375</u>

FISCAL IMPACT - Small Business

Certain small businesses who offer liquor sampling and/or wine and catering sales could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This bill changes the laws regarding liquor control. In its main provisions, the bill:

- (1) Creates a special liquor license for a wine shop to serve alcohol in the shop on Sundays from 10 a.m. to 10 p.m. A fee of \$200 per year for the license is established;
- (2) Creates a special permit for a licensed liquor establishment located in Kansas City to sell intoxicating liquor from 6 a.m. to 3 a.m. on the morning of the following day within one 24-hour period. Only six permits per calendar year can be granted for each establishment. The fee for each permit will be \$50 which is to be paid to the Director of the Department of Revenue;
- (3) Allows any winery, distiller, manufacturer, wholesaler, or brewer or designated employee, with the permission of the licensee, to provide samples for customer tasting purposes at licensed retail premises that have a special permit or a by-the-drink-for-consumption-on-the-premises

FISCAL DESCRIPTION (continued)

where sold retail license. No money or anything of value can be given to the retailer for the privilege or opportunity to conduct the tasting;

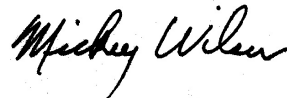
(4) Allows employee of or a sampling service retained by a winery, distiller, manufacturer, wholesaler, or brewer to dispense distilled spirits, wine, or malt beverage samples. All employees of a sampling service who actually dispense samples must complete a server training program approved by the Division of Alcohol and Tobacco Control within the Department of Public Safety; and

(5) Allows any intoxicating liquor in its original package to be served at retail by the drink for consumption on the premises of a licensed liquor establishment or certain organizations licensed by the Division of Liquor Control within the Department of Public Safety to serve liquor by the drink.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
City of Kansas City



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Director
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